

Agency Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	1,819.51	108.79	79.00	2,007.30	148.65	152.50	2,120.66	2,120.66
Personal Services	69,000,484	6,120,116	2,591,332	77,711,932	6,771,786	4,927,751	80,700,021	158,411,953
Operating Expenses	245,780,766	93,963,939	4,189,432	343,934,137	74,981,445	9,051,622	329,813,833	673,747,970
Equipment	1,030,285	1,124,911	33,100	2,188,296	748,438	26,000	1,804,723	3,993,019
Capital Outlay	5,646,720	5,506,795	0	11,153,515	6,516,795	0	12,163,515	23,317,030
Local Assistance	250,000	0	0	250,000	0	0	250,000	500,000
Grants	3,774,647	528,243	2,286,375	6,589,265	78,243	2,340,810	6,193,700	12,782,965
Transfers	16,199	18,801	0	35,000	18,801	0	35,000	70,000
Debt Service	10,682	4,500	0	15,182	4,500	0	15,182	30,364
Total Costs	\$325,509,783	\$107,267,305	\$9,100,239	\$441,877,327	\$89,120,008	\$16,346,183	\$430,975,974	\$872,853,301
General Fund	250,000	0	0	250,000	0	0	250,000	500,000
State/Other Special	148,865,200	17,899,289	(5,225,636)	161,538,853	14,833,262	824,956	164,523,418	326,062,271
Federal Special	176,394,583	89,368,016	14,325,875	280,088,474	74,286,746	15,521,227	266,202,556	546,291,030
Proprietary	0	0	0	0	0	0	0	0
Total Funds	\$325,509,783	\$107,267,305	\$9,100,239	\$441,877,327	\$89,120,008	\$16,346,183	\$430,975,974	\$872,853,301

### Agency Description

The Department of Transportation is responsible for serving the public by establishing and maintaining a transportation system that emphasizes safety, environmental preservation, cost-effectiveness, and quality.

### Summary of Legislative Action

The legislature added \$221.8 million in present law adjustments and new proposals for the biennium. This increase includes funding for 187.79 FTE in fiscal 2000, for a 10.3 percent increase in staffing, and 301.15 FTE in fiscal 2001, for a 16.6 percent increase. Significant factors contributing to this growth are: 1) increases Montana received when Congress reauthorized the federal-aid highway program; 2) impacts of SB 333 in which the department assumes maintenance responsibility for paved secondary roads; and 3) development or conversion of computerized management systems.

Adjustments directly associated with the increases Montana anticipates receiving via the new federal Transportation Equity Act for the 21st Century add \$188.4 million for the biennium. A discussion of the Transportation Equity Act for the 21st Century can be found later in this section. Adjustments for the fiscal impacts of SB 333 add \$14.0 million for the biennium. Developing new construction related management systems and converting existing systems to an Oracle platform add \$1.2 million for the biennium.

### Agency Discussion

#### Sources of Revenue

The Department of Transportation is funded from a combination of state special revenue and federal special revenue funds. State special revenue funds can be grouped into two general categories in regard to the state constitution - constitutionally protected and not protected. The Constitution of the State of Montana states that revenues from gross vehicle weight fees and excise and license taxes on gasoline, fuel, and other energy sources that are used to propel vehicles on public highways are to be used solely for paying obligations incurred for construction, reconstruction, repair, operation, and maintenance of public highways, streets, roads, and bridges and for enforcement of highway safety, driver education, tourist promotion, and administrative collection costs. Constitutionally protected revenues comprise roughly 93 percent of Department of Transportation total revenues. The remaining 7 percent of revenues are derived from special use permits and motor fuel penalties and interest payments. As a point of comparison, Montana's state tax on gasoline, at 27 cents per gallon, is the nation's third highest state-imposed gasoline tax, exceeded only by Connecticut and Rhode Island. Federal aid for highway construction is primarily from the distribution of revenue derived from the federally imposed excise tax on motor fuels. Montana receives approximately twice as much in federal aid as it pays in federal motor fuels excise taxes.

Transportation Equity Act for the 21st Century

The Department of Transportation receives federal-aid construction funding from the Federal Highway Administration (FHWA). The federal legislation that authorizes this funding, as of June 1998, is the Transportation Equity Act for the 21st Century (TEA-21). The previous legislation was called the Intermodal Surface Transportation Efficiency Act (ISTEA).

**Table 1**  
**Comparison Between ISTEA and TEA-21**  
**(millions)**

	ISTEA <sup>2</sup>	TEA-21 <sup>3</sup>	Change
Federal-aid Construction Program <sup>1</sup>			
Federal Funds	\$155	\$240	\$85
State Match Requirement	23	36	13
Total	<u>\$178</u>	<u>\$276</u>	<u>\$98</u>
State-funded Construction Program			
State Funds	\$35	\$35	\$0
Adjustment for New Match Requirement	0	(13)	(13)
Total	<u>\$35</u>	<u>\$22</u>	<u>(\$13)</u>
Total Construction Program Funds	\$213	\$299	\$85
Total State Funds	\$58	\$58	\$0

<sup>1</sup> Sliding scale match ratio 87 percent federal to 13 percent state  
<sup>2</sup> ISTEA is Intermodal Surface Transportation Efficiency Act  
<sup>3</sup> TEA-21 is Transportation Equity Act for the 21st Century

Based on information published by the FHWA, Montana's average annual apportionment (the amount of federal funds statutorily authorized for Montana) under TEA-21 is estimated to be \$260 million. The published apportionment estimates start at a low of \$223.2 million in federal fiscal 1998 and increase to a high of \$277.1 million in federal fiscal 2003. Historically, Montana has seen 92.5 percent of the authorization levels, due to obligation limits placed on the apportioned federal-aid funds. After applying the obligation limits to the average apportionment, Montana will likely see \$240 million on average each year, from federal fiscal 1998 through federal fiscal 2003, for a total of \$1.4 billion over the act's 6-year life. Table 1 shows that Montana will receive, on average, nearly \$100 million more per federal fiscal year of federal-aid construction funds under TEA-21 than under ISTEA.

Sliding Scale Match

Montana receives federal highway construction funds based on a sliding scale match formula that includes factors for the amount of federal land in the state and the amount of financial contribution the state makes to maintaining the federal-aid highway system with state dollars. Montana's current match ratio is 87 percent federal to 13 percent state for reimbursable federal aid projects. In order to maintain this favorable match, Montana must fully fund a certain level of construction activity with state funds. The department estimates that roughly \$10 million is the annual level of 100 percent state construction funds needed to maintain the current match ratio.

In order to utilize all the federal funds apportioned to the state, state funds must be available to provide for: 1) planning functions required in TEA-21; 2) maintenance of the federal aid highway system to FHWA standards; 3) adequate management and oversight of federal aid construction projects; 4) a minimum construction program supported by 100 percent state funds (\$10 million annually); 5) matching funds for federal aid construction funds; and 6) adequate working capital to pay operating expenses with 100 percent state funds until federal reimbursement is provided. The department has stated that it needs a minimum working capital balance of \$10 million to pay operating expenses.

Highways State Special Revenue Account Stability

Going into the session, the 1999 legislature was faced with a declining working capital balance in the highways state special revenue account, with projections by the Legislative Fiscal Division that the balance would be depleted during fiscal 2002. This was similar to the situation that faced the 1997 legislature that prompted a study of the account during the 1997-1998 interim.

HB 610 Interim Study

The 1997 legislature was faced with a declining working capital balance in the highways state special revenue account, a projected deficit in the 2001 biennium, and the continued instability of the highways state special revenue account. An interim committee, authorized in HB 610, was charged with providing recommendations to the 1999 legislature for stabilizing the highways state special revenue account. In order to improve the balance between highways state special revenue account revenues and expenditures, the committee made several recommendations to restore balance to the account.

Working Capital Projections

The 1999 legislature took the following actions that coincided with the HB 610 committee recommendations: 1) allowed interest earned on the highways state special revenue account fund balance to be credited to the account rather than the general fund; and 2) shifted a portion of the Department of Justice funding from the highways state special revenue account to the general fund.

Via HB 540, the legislature specified that, beginning in fiscal 2001, all interest and income earned on the highways state special revenue account must remain in the account. The legislature also shifted \$2.1 million for the biennium of the highways state special revenue account funded activities in the Highway Patrol Operations Program to the general fund. The funding shift involved functions in the Highway Patrol Operations Program that were not directly related to enforcement of highway safety.

Other actions by the legislature effectively counteracted the favorable impact of the funding shift and increased the Department of Justice's funding from the highways state special revenue account. HB 135 provides pay increases for Department of Justice protective service professionals. Of the total increase, \$1.6 million is funded by the highways state special revenue account. Present law adjustments funded by the highways state special revenue in the Department of Justice and pay plan funding further reduce the effects of the funding shift by \$2.6 million for the biennium. Overall, the funding by the highways state special revenue account in the Department of Justice increases by nearly \$2.1 million for the biennium.

An updated analysis of the working capital balance for the highways state special revenue account is included in Table 2. Table 2 includes actual revenues and expenditures for fiscal 1998, all appropriations that have not reverted for fiscal 1999, and legislative appropriations and impacts of other legislation for fiscal years 2000 and 2001. Table 2 also includes an estimated reversion of \$10 million in fiscal 1999. The revenue figures used for gas and diesel taxes and gross vehicle weight fees are HJR 2 estimates for fiscal years 1999 through 2001. The Department of Transportation has provided all other revenue estimates. The expenditure impacts for the pay plan are estimates based on the state benefit contribution increases and 3 percent annual increases for personal services funded with the account. The 2003 and 2005 biennia inflation adjustments assume a 1 percent annual growth for revenues and a 3 percent growth for expenditures. Personal services were excluded from the inflation calculation in the Department of Transportation program and Department of Justice agency expenditure projections since the personal services growth is included in the pay plan estimates.

Table 2 includes the fiscal impacts on the highways state special revenue account of legislation passed by the 1999 legislature. HB 540 will have a \$1.6 million negative impact on the revenue in the account during the 2001 biennium and a \$1 million negative impact on the account for each succeeding biennium. It should be noted that HB 540 requires a vote of the electorate so even though the impacts are included they are not certain until approved by the electorate.

Table 2 indicates that the structural imbalance between revenue and expenditures continues to exist. The annual funding from the highways state special revenue account is, on average, \$12.1 million higher than estimated revenue for the 2001 biennium and \$3.6 million higher for the 2003 biennium. The imbalance reverses to a position of excess revenues in the 2005 biennium. The declining imbalance in the 2003 and subsequent biennia is primarily attributed the retirement of the department's bond indebtedness for which the final debt service payment will be made in fiscal 2003.

Table 2  
Working Capital Analysis - Highways State Special Revenue Accounts <sup>1</sup>  
Projected Revenues and Expenditures  
Fiscal Years 1998 -2005

	Fiscal 1998 Actual	Fiscal 1999 Appropriated	Fiscal 2000 Budget	Fiscal 2001 Budget	Fiscal 2002 Estimate	Fiscal 2003 Estimate	Fiscal 2004 Estimate	Fiscal 2005 Estimate
BEGINNING WORKING CAPITAL BALANCE	\$39,249,313	\$48,466,448	\$30,038,968	\$17,619,873	\$5,870,434	(\$2,034,938)	(\$1,383,531)	\$1,426,683
REVENUE								
Gas Tax (HJ 2)	\$121,558,454	\$124,766,000	\$125,948,000	\$125,641,000	\$126,897,410	\$128,166,384	\$129,448,048	\$130,742,528
Diesel Tax (HJ 2)	47,888,506	48,094,000	48,301,000	48,509,000	48,994,090	49,484,031	49,978,871	50,478,660
G.V.W. (HJ 2)	30,037,602	31,418,000	32,479,000	33,300,000	33,633,000	33,969,330	34,309,023	34,652,114
Sales and Reimbursements	2,521,034	3,646,000	3,646,000	3,646,000	3,646,000	3,646,000	3,646,000	3,646,000
Miscellaneous Other Revenues	724,600	403,260	403,260	403,260	403,260	403,260	403,260	403,260
Impacts of Other Legislation (Revenue Impacts) <sup>2</sup>			(652,328)	(2,297,651)	(499,660)	(499,660)	(499,660)	(499,660)
Prior Year Revenue Adjustment	(\$1,338,686)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL REVENUE	\$201,391,510	\$208,327,260	\$210,124,932	\$209,201,609	\$213,074,100	\$215,169,345	\$217,285,542	\$219,422,902
Available Working Capital	\$240,640,823	\$256,793,708	\$240,163,900	\$226,821,482	\$218,944,534	\$213,134,407	\$215,902,011	\$220,849,585
EXPENDITURES								
MDT Expenditures								
General Operations	\$11,230,602	\$13,530,282	\$14,036,690	\$13,816,609	\$14,062,324	\$14,312,408	\$14,566,940	\$14,825,998
Tribal Refunds - SA		27,137	28,122	28,036	28,036	28,036	28,036	28,036
Construction	65,007,977	97,433,206	75,822,770	72,500,530	\$74,350,164	\$76,246,985	\$78,192,198	\$80,187,037
Maintenance	67,188,133	69,191,393	63,736,431	70,851,944	\$72,123,453	\$73,417,780	\$74,735,336	\$76,076,536
Motor Carrier Services (G.V.W.)	4,482,676	4,822,147	4,818,099	4,788,335	\$4,813,876	\$4,839,553	\$4,865,367	\$4,891,319
Transportation Planning	1,019,547	1,038,525	1,495,864	1,410,657	\$1,442,376	\$1,474,807	\$1,507,968	\$1,541,875
MDT - Pay Plan (HB 13)			1,128,230	2,670,754	3,083,839	3,083,839	3,083,839	3,083,839
Debt Service/Bond Principal & Interest	\$15,213,921	\$13,936,402	\$13,932,718	\$13,935,352	\$13,936,852	\$3,798,551	\$0	\$0
Total MDT Expenditures	\$164,142,856	\$199,979,091	\$174,998,924	\$180,002,217	\$183,840,919	\$177,201,960	\$176,979,685	\$180,634,641
Local Distributions								
County Distribution - SA	10,389,000	10,389,000	10,389,000	10,389,000	10,389,000	10,389,000	10,389,000	10,389,000
City Distribution - SA	6,323,000	6,323,000	6,323,000	6,323,000	6,323,000	6,323,000	6,323,000	6,323,000
Local Technical Assistance Program - SA	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000
Total Local Distributions	\$16,766,000	\$16,766,000	\$16,766,000	\$16,766,000	\$16,766,000	\$16,766,000	\$16,766,000	\$16,766,000
Other Agency Expenditures								
Department of Justice	15,838,664	16,451,336	15,574,250	15,632,319	\$15,781,592	\$15,932,290	\$16,084,428	\$16,238,018
Department of Justice - Pay Plan (HB 13) (estimated)			266,114	628,296	725,075	725,075	725,075	725,075
Legislative Branch (HB 610 study, 1997 legislature)	9,137							
HB 5 Long-Range Building Program (Dept. of Fish, Wildlife & Parks)	1,175,418	1,496,730	750,000	750,000	750,000	750,000	750,000	750,000
HB 5 Long-Range Building Program (MDT Facilities)	\$987,187	\$2,061,583	\$2,225,000	\$2,225,000	\$2,225,000	\$2,225,000	\$2,225,000	\$2,225,000
Total Other Agency Expenditures	\$18,010,406	\$20,009,649	\$18,815,364	\$19,235,615	\$19,481,667	\$19,632,365	\$19,784,503	\$19,938,093
Impacts of Other Legislation (Expenditure Impacts) <sup>2</sup>			\$1,816,918	\$1,989,938	\$890,886	\$917,613	\$945,141	\$973,495
Equipment Program Contributed Capital (SB 333 Startup)			\$10,146,821	\$2,957,278				
Prior Year Expenditure and Other Adjustments	(\$6,744,887)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL EXPENDITURES	\$192,174,375	\$236,754,740	\$222,544,027	\$220,951,048	\$220,979,472	\$214,517,938	\$214,475,329	\$218,312,230
ESTIMATED REVERSIONS		\$10,000,000						
REVENUE & EXPENDITURE VARIANCE	\$9,217,135	(\$18,427,480)	(\$12,419,095)	(\$11,749,439)	(\$7,905,372)	\$651,407	\$2,810,214	\$1,110,672
ENDING WORKING CAPITAL BALANCE	\$48,466,448	\$30,038,968	\$17,619,873	\$5,870,434	(\$2,034,938)	(\$1,383,531)	\$1,426,683	\$2,537,355

<sup>1</sup> Includes both the highway restricted and nonrestricted accounts

<sup>2</sup> Other legislation included in analysis: 1) Revenue impacts (SB 401, HB 138, HB 540); and Expenditure impacts (SB 164, HB 135)

The account is still in a vulnerable position, as projections indicate the working capital balance will be completely depleted in fiscal 2002 before any recovery is seen. Even though the account is projected to move into a position of excess revenues in fiscal 2003 the projections indicate that the position will again begin to reverse in fiscal 2005 as the relatively inelastic revenue base begins to become dominated by expenditure inflation. The working capital balance will be depleted during the 2003 biennium and after a short-lived recovery remain below the \$10.0 million level the department needs to provide adequate cash flow. Therefore, the department will need to utilize short-term debt or other financing methods to make payments for current operations. This will add to the cost of doing business.

## Reports

The legislature directed the department to provide reports of the activities and results associated with selected budget requests. The agency was directed to provide these reports to the General Government and Transportation appropriations subcommittee during hearings of the 2001 legislature. Table 3 summarizes the reports.

Table 3 Reports for the 2001 Legislature Department of Transportation	
Decision Package	Required Content of Report
<b>General Operations (01):</b> PL 6 - AASHTO Training	who attended the training and how the agency benefited from each individual attending the training
NP 16 - Investigative Services	investigations and results associated with expenditures from the appropriation
NP 33 - Motor Fuel Tax Auditors	increased fuel tax revenues directly resulting from this auditing function
<b>Construction Program (02):</b> NP 5 - Safety Management Development System	detailing the activity of the system and benefits gained from it
NP 10 - Microfilm Conversion Contract	detailing the goals and attainment of the goals for this project
<b>Maintenance Program (03):</b> PL 2 - Road Reporting/Traveler Services	detailing the status and accomplishments of the road reporters and remote weather information sites and to identify any improved productivity resulting from the use of the new technology
<b>Motor Carrier Services (22):</b> NP 37 - Internet Permit Program	detailing the use of internet for permits, the satisfaction of users on the training, and the growth of credit card fees

## Other Legislation

Senate Bill 89 - SB 89 requires the Department of Commerce to design and the Department of Transportation to erect signs identifying visitor information centers. The Department of Transportation estimated the cost to implement SB 89 would be \$33,000 for the biennium and stated that the cost would be absorbed in the agency's budget.

Senate Bill 133 - SB 133 established a numerical daytime speed limit. SB 133 becomes effective during fiscal 1999. The department has indicated that it will absorb in their fiscal 1999 operating budget the \$1.5 million cost of producing and installing the speed limit signs to implement SB 133.

Senate Bill 164 - SB 164 revises statutes related to noxious weed management and transfers \$1,125,000 annually, during the 2001 biennium, from the highway nonrestricted account to the noxious weed management trust fund.

Senate Bill 205 - SB 205 increases the aviation gasoline license tax from 3 cents to 4 cents per gallon and provides that 50 percent of the increase collected from passenger air carriers be used for airport pavement preservation projects. SB 205 excludes fuel sold to the federal defense fuel supply center from the aviation gasoline license tax. An adjustment was made to HB 2 to increase state special revenue spending authority by \$590,000 for the biennium to restore services and programs that were reduced or eliminated by previous legislative actions.

Senate Bill 333 - SB 333 revises laws concerning paved secondary roads and requires the Department of Transportation to assume maintenance responsibility for these roads. An adjustment was made to HB 2 to increase federal special revenue by \$1.4 million and state special revenue spending authority by \$12.6 million for the biennium to implement SB 333. The department stated that the approved FTE would only provide 25 percent of the identified needs in fiscal 2000 and 75

percent of the needs in fiscal 2001. The department will evaluate the program during the interim and provide the 2001 legislature with a revised request for new FTE.

Senate Bill 401 - SB 401 redefined agricultural use for the purpose of gasoline and special fuel tax refunds. An adjustment was made to HB 2 to increase state special revenue spending authority by \$38,304 for the biennium to implement SB 401. The department estimates that SB 401 will reduce revenue to the highways state special revenue account by nearly \$1.3 million over the biennium.

Senate Bill 421 - SB 421 directs the department to create a scenic-historic byways program. While the department showed that SB 421 will increase state special revenue expenditures by \$30,000 and federal special revenue by \$120,000 over the biennium, the legislature provided no additional funding for these expenditures.

House Bill 135 - HB 135 provides an appropriation to the Department of Justice for pay increases for certain protective service professionals. HB 135 increases the highways state special revenue funding of the Department of Justice by \$1.6 million over the biennium.

House Bill 138 - HB 138 eliminated the annual license renewal fee for wholesale gasoline and special fuel distributors and the licensing requirement that applies to a person who sells gasoline or special fuel for which a refund may be claimed. The department estimates that HB 138 will reduce revenue to the highways state special revenue account by \$17,600 over the biennium.

House Bill 540 - HB 540 revised the taxation of certain vehicles and replaced the current system of taxation of automobiles, vans, sport utility vehicles, and light trucks with a registration fee on light vehicles. HB 540 also repeals the sales tax on new motor vehicles and allows a county to impose a local option fee on motor vehicles with voter approval. It is estimated that HB 540 will reduce revenue to the highways state special revenue account by \$1.6 million over the biennium.

Agency Budget Comparison								
Budget Item	Base Budget Fiscal 1998	Executive Budget Fiscal 2000	Legislative Budget Fiscal 2000	Leg – Exec. Difference Fiscal 2000	Executive Budget Fiscal 2001	Legislative Budget Fiscal 2001	Leg – Exec. Difference Fiscal 2001	Biennium Difference Fiscal 00-01
FTE	1,819.51	1,979.26	2,007.30		1,977.18	2,120.66		
Personal Services	69,000,484	76,027,787	77,711,932	1,684,145	75,632,359	80,700,021	5,067,662	6,751,807
Operating Expenses	245,780,766	339,564,147	343,934,137	4,369,990	335,275,181	329,813,833	(5,461,348)	(1,091,358)
Equipment	1,030,285	2,591,296	2,188,296	(403,000)	2,028,723	1,804,723	(224,000)	(627,000)
Capital Outlay	5,646,720	11,153,515	11,153,515	0	12,163,515	12,163,515	0	0
Local Assistance	250,000	250,000	250,000	0	250,000	250,000	0	0
Grants	3,774,647	6,514,265	6,589,265	75,000	6,118,700	6,193,700	75,000	150,000
Transfers	16,199	35,000	35,000	0	35,000	35,000	0	0
Debt Service	10,682	15,182	15,182	0	15,182	15,182	0	0
Total Costs	\$325,509,783	\$436,151,192	\$441,877,327	\$5,726,135	\$431,518,660	\$430,975,974	(\$542,686)	\$5,183,449
General Fund	250,000	250,000	250,000	0	250,000	250,000	0	0
State/Other Special	148,865,200	170,312,267	161,538,853	(8,773,414)	168,939,213	164,523,418	(4,415,795)	(13,189,209)
Federal Special	176,394,583	265,588,925	280,088,474	14,499,549	262,329,447	266,202,556	3,873,109	18,372,658
Proprietary	0	0	0	0	0	0	0	0
Total Funds	\$325,509,783	\$436,151,192	\$441,877,327	\$5,726,135	\$431,518,660	\$430,975,974	(\$542,686)	\$5,183,449

### Executive Budget Comparison

The legislative budget reflects an increase of \$5.2 million from the executive proposal. State special revenue is \$13.2 million lower than the executive proposal and federal special revenue is \$18.4 million higher. The most significant factor for the increase of total funds is the agency's alteration of a present law adjustment tied to the federal-aid construction program. The agency reduced this request by \$6,587,305 because of revised estimates for highway construction projects. The agency withdrew five requests for a net reduction of \$385,500. The legislature did not approve one present law adjustment and three new proposals for a net reduction of \$270,848. The legislature approved a new request that was not

in the executive proposal for an increase of \$24,740. The legislature also modified nineteen requests for a net reduction of \$2,192,253 and reduced the request by \$77,104 because of fixed cost rate reductions. Agency requests that were modified and had significant funding impacts are: 1) a reduction of \$500,000 from the General Operations Program's computer request; and 2) a reduction of \$400,000 from the Maintenance Program's present law adjustment for maintenance costs at rest area and other facilities. The legislature also approved temporary funding in the operating expense category for the equivalent of 29.5 FTE without increasing permanent FTE. The legislature approved a funding switch that moved \$20.7 million of authority from state special revenue to federal special revenue for highway maintenance activities that now qualify for federal-aid funding but were previously funded entirely with state special revenue.

The legislature added \$26.3 million state special revenue and \$1.4 million federal special revenue spending authority to address the biennium expenditure impacts of SB 205, SB 333, and SB 401.

**Language**

"The department may adjust appropriations in the Construction, Maintenance, and Transportation Planning programs between state special and federal special revenue fund types if the total state special revenue authority for these programs is not increased by more than 10 percent of the total appropriations established by the legislature for each program. All transfers between fund types must be fully explained and justified on budget documents submitted to the Office of Budget and Program Planning, and all fund transfers of more than \$1 million in any 30-day period must be communicated to the Legislative Finance Committee in a written report."

"It is the goal of the department to assist and help provide the opportunity for current or previous Families Achieving Independence in Montana (FAIM) participants to receive highway construction jobs. The department's goal is for 200 FAIM participants to be employed on highway construction jobs by the end of fiscal year 2000 and for 300 FAIM participants to be employed on highway construction jobs by the end of fiscal year 2001."

"It is the goal of the department to assist and help provide the opportunity for current or previous FAIM participants from tribal reservations to receive highway construction jobs that are located off of tribal reservations. The department's goal is for 100 FAIM tribal member participants to be employed on off-reservation highway construction jobs by the end of fiscal year 2000 and for 200 FAIM tribal member participants to be employed on off-reservation highway construction jobs by the end of fiscal year 2001."

"All federal special revenue appropriations in the department are biennial appropriations."

Program Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	140.77	(.50)	9.00	149.27	(.50)	9.50	149.77	149.77
Personal Services	5,239,051	215,201	326,080	5,780,332	191,534	340,230	5,770,815	11,551,147
Operating Expenses	5,962,427	1,765,196	197,285	7,924,908	1,685,366	192,037	7,839,830	15,764,738
Equipment	212,258	489,062	12,500	713,820	371,512	0	583,770	1,297,590
Grants	74,999	0	0	74,999	0	0	74,999	149,998
Debt Service	4,763	0	0	4,763	0	0	4,763	9,526
Total Costs	\$11,493,498	\$2,469,459	\$535,865	\$14,498,822	\$2,248,412	\$532,267	\$14,274,177	\$28,772,999
State/Other Special	11,206,491	2,394,537	435,662	14,036,690	2,172,934	437,184	13,816,609	27,853,299
Federal Special	287,007	74,922	100,203	462,132	75,478	95,083	457,568	919,700
Proprietary	0	0	0	0	0	0	0	0
Total Funds	\$11,493,498	\$2,469,459	\$535,865	\$14,498,822	\$2,248,412	\$532,267	\$14,274,177	\$28,772,999

### Program Description

The General Operations Program provides administrative support services for the department, including general administration and management; accounting and budgeting; public affairs; computer systems support; personnel; goods and services procurement; and administration of motor fuel taxes. The General Operations Program is authorized by 2-15-2501(3), MCA.

### Funding

The General Operations Program is primarily funded from the highways state special revenue fund. The highways state special revenue fund receives revenue primarily from motor fuel taxes and gross vehicle weight permit fees. Federal funding is available for assistance for disadvantaged businesses, training, public information, and fuel tax evasion prevention efforts. The General Operations Program receives federal funds via a \$25,000 grant and 0.25 percent of the state's allotment of Surface Transportation Program funds for fuel tax evasion prevention efforts. The program also receives federal reimbursement of certain direct administrative expenses. For the 2001 biennium, state special revenue provides 96.8 percent of the program's total funding and federal special revenue provides the remaining 3.2 percent.



Present Law Adjustments		Fiscal 2000	Fiscal 2000	Fiscal 2000	Fiscal 2001	Fiscal 2001	Fiscal 2001
Present Law Description		FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
Statewide Present Law							
Personal Services				196,579			173,087
Inflation/Deflation				(6,977)			(5,204)
Fixed Costs				1,032,432			932,864
Total Statewide Adjustments				\$1,222,034			\$1,100,747
Present Law Adjustments							
2	Highway Maps	.00	0	(98,559)	.00	0	(98,559)
3	Human Resources Legal Services	.00	0	5,032	.00	0	5,032
6	AASHTO Training	.00	0	16,030	.00	0	16,030
8	DBE Travel / Training	.00	0	146,472	.00	0	146,012
12	Digital Media Services	.00	0	25,000	.00	0	25,000
13	Lockheed Contract	.00	0	650,334	.00	0	668,321
14	Networking Contracted Services	.00	0	50,000	.00	0	50,000
18	Equipment Rental	.00	0	3,725	.00	0	4,163
19	Road Reporting	(1.50)	0	(87,898)	(1.50)	0	(87,868)
20	DBE Supportive Services	1.00	0	29,576	1.00	0	29,371
22	Overtime and Differential Pay	.00	0	36,944	.00	0	36,944
27	Computer Equipment and Software	.00	0	509,062	.00	0	391,512
44	Fixed Cost Reductions	.00	0	(38,293)	.00	0	(38,293)
Total PL Adjustments		(.50)	\$0	\$1,247,425	(.50)	\$0	\$1,147,665
Present Law Adjustments Total				\$2,469,459			\$2,248,412

### Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are standard categories of adjustments globally applied by the legislature to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 2 - Highway Maps - The legislature reduced state special revenue by the base amount associated with the production of Montana highway maps and indicated its intent that the cost to produce and distribute highway maps should come from the bed tax in the Department of Commerce. The Department of Transportation has historically provided state special revenue to the Montana Promotions Division in the Department of Commerce to produce the state highway map.

DP 3 - Human Resources Legal Services - The legislature increased state special revenue for contracted services to investigate potential employee misconduct discovered either internally or through complaints made directly to the department, the Legislative Auditor's Office, Citizen's Advocate Office, hearings officers, or through correspondence to the Governor.

DP 6 - AASHTO Training - The legislature increased state special revenue for travel and training registration expenses for personnel to attend American Association of State Highway Transportation Officers (AASHTO) management training courses. The legislature identified this as a one-time-only appropriation and directed the agency to provide a report to the legislature detailing who attended the training and how the agency benefited from each individual attending the training. The report is to be provided to the joint appropriations subcommittee on general government and transportation in the 2001 legislature.

DP 8 - DBE Travel / Training - The legislature increased federal special revenue to provide services to disadvantaged business enterprise (DBE) firms and women-owned business enterprise firms. Under the Disadvantaged Business Enterprise Supportive Services Program, disadvantaged business enterprise firms and women-owned business enterprise firms are reimbursed by the department for 50 percent of the costs of registration, travel, lodging, and meals for attending qualified training sessions and workshops. Under the Indian outreach portion of the program, Indian owned firms are reimbursed for 100 percent of the costs of registration, travel, lodging, and meals for attending qualified training sessions

and workshops.

DP 12 - Digital Media Services - The legislature increased state special revenue for maintenance contracts associated with the department's Xerox Docutech, 5390 copier, and the specialized computer equipment in the department's roadway imaging van.

DP 13 - Lockheed Contract - The legislature increased state special revenue to annualize the cost of the contract with Lockheed-Martin for enhancements and on-going maintenance fees of the Montana On-line Tax and Reporting System.

DP 14 - Networking Contracted Services - The legislature increased state special revenue for the department to contract for support of its local area networks and network servers

DP 18 - Equipment Rental - The legislature increased state special revenue to cover the program's share of increases in the department's Equipment Program.

DP 19 - Road Reporting - The legislature reduced 1.50 FTE in each year and reduced state special revenue for the permanent transfer of the road reporting function and FTE from the General Operations Program to the Maintenance Program.

DP 20 - DBE Supportive Services - The legislature added 1.00 FTE for each year and increased federal special revenue to administer the Disadvantaged Business Enterprises (DBE) Supportive Services Program.

DP 22 - Overtime and Differential Pay - The legislature approved state special revenue of \$71,362 and federal special revenue of \$2,526 for the biennium for overtime and differential pay.

DP 27 - Computer Equipment and Software - The legislature increased state special revenue to upgrade computer hardware and software. The legislature designated this as a one-time-only appropriation.

DP 44 - Fixed Cost Reductions - The legislature reduced state special revenue to adjust fixed costs for rate reductions that had statewide impacts.

New Proposals		Fiscal 2000	Fiscal 2000	Fiscal	Fiscal 2001	Fiscal 2001	Fiscal 2001
Description		FTE	General Fund	2000 Total Funds	FTE	General Fund	Total Funds
4 Project Financial Management		.50	0	19,543	.50	0	19,429
10 TEA-21		6.00	0	237,940	6.00	0	230,617
11 Utility Auditor Position		1.00	0	62,187	1.00	0	56,879
16 Investigative Services		.00	0	62,500	.00	0	62,500
24 Electronic Commerce		.00	0	45,230	.00	0	54,595
31 Compliance Review Training		.00	0	7,000	.00	0	7,000
33 Motor Fuel Tax Auditors		1.00	0	49,990	1.00	0	42,178
42 Administrative Support		.00	0	25,000	.00	0	22,500
43 Advisory Commission		.00	0	12,370	.00	0	12,370
48 SB 401 - Ag Use Fuel Tax Refunds		.50	0	14,105	1.00	0	24,199
Total New Proposals		9.00	\$0	\$535,865	9.50	\$0	\$532,267

### New Proposals

DP 4 - Project Financial Management - The legislature added 0.5 FTE for each year and increased state special revenue by \$7,795 and federal special revenue by \$31,177 for the biennium to implement changes that result from Federal Highway Administration requirement changes and customer focus study recommendations.

DP 10 - TEA-21 - The legislature added 6.00 FTE for each year and increased state special revenue by \$408,036 and federal special revenue by \$60,521 for the biennium to address workload increases in the Administration Division that are

anticipated to result from the passage of the new federal-aid highway construction funding program. The federal-aid construction program has increased with the passage of the Transportation Equity Act for the 21st Century, which increased federal aid available to Montana. The increased construction program would result in direct workload increases in the Accounting Services Bureau for payroll and transfer warrant claim processing and the project management section of the Financial Management Bureau due to the increased number of active projects and the associated processes involved with receiving federal reimbursement.

DP 11 - Utility Auditor Position - The legislature added 1.00 FTE for each year and increased state special revenue by \$15,478 and federal special revenue by \$103,588 for the biennium for the audits and compliance reviews of utility right-of-way projects.

DP 16 - Investigative Services - The legislature increased state special revenue for a contract with the Montana Department of Justice to investigate suspected internal and external irregularities relative to contract administration and fuel tax enforcement and to investigate fuel tax fraud cases. The legislature restricted this appropriation to only this use and designated it as a biennial appropriation. The legislature also directed the department to report on the investigations and results associated with expenditures from this appropriation. The reports will be presented to the General Government and Transportation appropriations subcommittee in the 2001 legislature.

DP 24 - Electronic Commerce - The legislature increased state special revenue as a biennial appropriation to implement electronic business tax, license, and permit filing and electronic tax payments using electronic funds transfer standards in cooperation with the Department of Revenue.

DP 31 - Compliance Review Training - The legislature increased state special revenue for consultant services to provide continuing education training for Compliance Review/Internal Audit staff.

DP 33 - Motor Fuel Tax Auditors - The legislature added 1.00 FTE for each year and increased state special revenue for an additional fuel tax auditor to conduct fuel tax compliance audits of fuel importers and exporters and construction contractors. The legislature also directed the department to report on the increased fuel tax revenues directly resulting from this auditing function. The report is to be provided to the General Government and Transportation appropriations subcommittee in the 2001 legislature.

DP 42 - Administrative Support - The legislature increased state special revenue to contract for clerical support in the Compliance Review/Internal Audit section.

DP 43 - Advisory Commission - The legislature increased state special revenue as a one-time-only, biennial appropriation for costs associated with an advisory council to evaluate and provide recommendations on transportation issues.

DP 48 - SB 401 - Ag Use Fuel Tax Refunds - The legislature passed SB 401 and increased state special revenue to implement the act that revises the definition of agricultural use for gasoline and special fuel tax refund purposes. SB 401 is only a temporary measure that sunsets at the end for fiscal 2001 after the department conducts a review of the fuel tax refund process.

### **Language**

"The legislature has considered and chosen not to fund the production of Montana state highway maps with revenue from highway users fees and motor fuel taxes. It is the intent of the legislature that funding for Montana state highway maps come from lodging facilities use tax revenue in the Department of Commerce."

"Item 1g [SB 401 – Agricultural Use Fuel Tax Refunds] is contingent upon passage and approval of Senate Bill No. 401."

Program Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	889.83	107.29	14.25	1,011.37	146.15	14.25	1,050.23	1,050.23
Personal Services	33,031,284	5,076,026	390,576	38,497,886	5,883,496	387,847	39,302,627	77,800,513
Operating Expenses	196,336,341	87,827,148	1,327,369	285,490,858	68,397,312	530,369	265,264,022	550,754,880
Equipment	433,156	715,236	0	1,148,392	463,800	0	896,956	2,045,348
Capital Outlay	5,613,205	5,386,795	0	11,000,000	6,386,795	0	12,000,000	23,000,000
Grants	109,814	186	0	110,000	186	0	110,000	220,000
Debt Service	5,919	4,500	0	10,419	4,500	0	10,419	20,838
Total Costs	\$235,529,719	\$99,009,891	\$1,717,945	\$336,257,555	\$81,136,089	\$918,216	\$317,584,024	\$653,841,579
General Fund	0	0	0	0	0	0	0	0
State/Other Special	65,007,977	10,058,814	755,979	75,822,770	7,211,503	281,050	72,500,530	148,323,300
Federal Special	170,521,742	88,951,077	961,966	260,434,785	73,924,586	637,166	245,083,494	505,518,279
Total Funds	\$235,529,719	\$99,009,891	\$1,717,945	\$336,257,555	\$81,136,089	\$918,216	\$317,584,024	\$653,841,579

### Program Description

The Construction Program is responsible for construction project planning and development from the time a project is included in the long-range work plan through the actual construction of the project. Program responsibilities include such tasks as project design, environmental documents and permits, right-of-way acquisitions, issuing contract bids, awarding contracts, and administering construction contracts. Contract administration is the documentation, inspection, and testing of highway construction projects from the time the contract is awarded to a private contractor until the project is completed and the work approved as meeting established construction standards. The Construction Program is mandated by 2-15-2501(1), MCA; Title 60, MCA; and 23 USC 116.

### Funding

Applicable federal reimbursable costs of the federal-aid construction program are funded with highways state special revenue funds and federal special revenue funds apportioned to Montana under the Transportation Equity Act for the 21st Century federal transportation funding laws (TEA-21). Construction design, construction, and construction management costs and direct administrative costs for construction activities are generally applicable for federal reimbursement. The state match requirement is based on a sliding scale match, which generally is 87 percent federal with a 13 percent state match. The 100 percent state-funded construction program (formerly known as the Reconstruction Trust Fund program) is funded entirely with the highways state special revenue fund. The primary sources of revenue for the highways state special revenue fund are highway users fees derived from motor fuel taxes and gross vehicle weight fees.

For the 2001 biennium, state special revenue provides 22.7 percent of the program's funding and federal special revenue provides the remaining 77.3 percent.

Present Law Adjustments		Fiscal 2000	Fiscal 2000	Fiscal 2000	Fiscal 2001	Fiscal 2001	Fiscal 2001
Present Law Description		FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
Statewide Present Law							
Personal Services				(1,335,051)			(1,479,826)
Inflation/Deflation				78,400			62,915
Fixed Costs				(3,058)			(3,058)
Total Statewide Adjustments				(\$1,259,709)			(\$1,419,969)
Present Law Adjustments							
1	Expanded Federal Aid Program	102.84	0	100,063,384	141.70	0	82,351,199
14	Seismic Analysis & Retrofit of High	3.00	0	105,714	3.00	0	105,034
23	Environmental Services Positions	.95	0	29,878	.95	0	29,641
25	Core Drill FTE	.00	0	55,699	.00	0	55,365
29	Utility Technician Position	.50	0	14,925	.50	0	14,819
Total PL Adjustments		107.29	\$0	\$100,269,600	146.15	\$0	\$82,556,058
Present Law Adjustments Total				\$99,009,891			\$81,136,089

### Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are standard categories of adjustments globally applied by the legislature to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - Expanded Federal Aid Program - The legislature added 102.84 FTE in fiscal 2000 and 141.70 FTE in fiscal 2001 and increased state special revenue by \$40.4 million and federal special revenue by \$142.1 million for the biennium for expanded highway construction activities. The Transportation Equity Act for the 21st Century (TEA-21), a six-year federal transportation funding law, increased the federal aid to Montana by approximately 60 percent beginning in federal fiscal year 1998. Previously Montana received \$161 million per federal fiscal year in federal aid for funding highway construction and construction related activities. Under the Transportation Equity Act for the 21st Century Montana will receive an average of \$260 million per federal fiscal year in federal aid. This increase in federal aid will cause the Construction Program to be substantially increased in several areas, including preconstruction (design), right-of-way acquisition, incidental construction, environmental engineering services, and actual project construction. The Montana Department of Transportation plans to address the increased activities with a combination of increased FTE, increased overtime, and increased use of consultants. The actual project construction is performed by contractors and would increase substantially, especially in the later years of the Transportation Equity Act for the 21st Century.

DP 14 - Seismic Analysis & Retrofit of High - The legislature added 3.00 FTE for each year and increased state special revenue by \$42,150 and federal special revenue by \$168,598 for the biennium to hire three seismic engineers. These seismic engineers would be used to develop retrofit plans for approximately 731 on-system bridges that have been identified as being at risk. These engineers would also provide support to the design staff for new bridges constructed in seismic regions of the state.

DP 23 - Environmental Services Positions - The legislature added 0.95 FTE for each year and increased state special revenue by \$11,904 and federal special revenue by \$47,615 for the biennium to increase the availability of biologists in all construction districts.

DP 25 - Core Drill FTE - The legislature increased state special revenue by \$22,207 and federal special revenue by \$88,857 for the biennium to provide funding for the fully funded, less pay plan increases, equivalent of 1.5 FTE. The legislature provided the funding in the operating expense category without authorizing the addition of permanent staffing positions for a third core drill crew.

**DP 29 - Utility Technician Position** - The legislature added 0.50 FTE for each year and increased state special revenue by \$3,866 and federal special revenue by \$25,878 for the biennium for a utility technician position to address increased workload requirements. Workload has increased as a result of expanded documentation requirements of utility relocation permits that are associated with congestion mitigation and air quality projects.

New Proposals		Fiscal 2000		Fiscal 2001		Fiscal 2001	
	Description	Fiscal 2000 FTE	General Fund	Fiscal 2000 Total Funds	Fiscal 2001 FTE	General Fund	Fiscal 2001 Total Funds
5	Safety Management Development System	.00	0	250,000	.00	0	0
8	Training & Development Specialist	1.00	0	37,285	1.00	0	37,060
10	Microfilm Conversion Contract	.00	0	350,000	.00	0	0
18	Expanded Research Activity	1.70	0	55,664	1.70	0	55,348
22	Contractor Payment System	.00	0	100,000	.00	0	50,000
26	Pavement Management Positions	6.55	0	223,160	6.55	0	224,879
29	Construction Management System	.00	0	100,000	.00	0	25,000
34	SHRP Superpave Positions	5.00	0	151,836	5.00	0	150,929
36	Computer System for Contract Plans	.00	0	100,000	.00	0	25,000
40	Preconstruction Management System	.00	0	250,000	.00	0	250,000
43	Wetland Mitigation Site Monitoring	.00	0	100,000	.00	0	100,000
Total New Proposals		14.25	\$0	\$1,717,945	14.25	\$0	\$918,216

### New Proposals

**DP 5 - Safety Management Development System** - The legislature increased state special revenue by \$25,000 and federal special revenue by \$225,000 for the biennium to develop software for integrating traffic crash information into the highway design process with the goal of building safer roadways. The software would correlate roadway geometric features with traffic crash records. This would be used to review existing data, integrate the roadway geometric data into an Oracle database, and develop the programming for accident analyses in relation to the roadway characteristics of width, design speed, and curvature. The legislature identified this as a one-time-only, biennial appropriation and directed the agency to provide a report to the legislature detailing the activity of the system and benefits gained from it. The report is to be provided to the General Government and Transportation appropriations subcommittee in the 2001 legislature.

**DP 8 - Training & Development Specialist** - The legislature added 1.00 FTE and increased state special revenue by \$9,665 and federal special revenue by \$64,680 for the biennium to develop, administer, and maintain a technician certification program. Transportation Equity Act for the 21st Century standards for quality assurance require a program for certifying technicians who test materials for acceptance on all highway projects that utilize federal aid. In approving the executive request, the legislature directed that state funding should be leveraged with federal funding as allowable for this function.

**DP 10 - Microfilm Conversion Contract** - The legislature increased state special revenue by \$350,000 for the biennium to contract for conversion of existing microfilmed projects to an electronic document management system. The legislature identified this as a one-time-only, biennial appropriation and directed the agency to provide a report to the legislature detailing the goals and attainment of the goals for this project. The report is to be provided to the General Government and Transportation appropriations subcommittee in the 2001 legislature.

**DP 18 - Expanded Research Activity** - The legislature added 1.70 FTE for each year and increased state special revenue by \$22,203 and federal special revenue by \$88,809 for the biennium for expanded research activities resulting from increased federal highway funding.

**DP 22 - Contractor Payment System** - The legislature increased state special revenue by \$30,000 and federal special revenue by \$120,000 for the biennium to replace the program's 15 year old contractor payment system and to train system users. The legislature identified this as a one-time-only, biennial appropriation.

**DP 26 - Pavement Management Positions** - The legislature added 6.55 FTE for each year and increased state special revenue by \$89,608 and federal special revenue by \$358,431 for the biennium to provide staff for the upgraded pavement management system.

DP 29 - Construction Management System - The legislature increased state special revenue by \$25,000 and federal special revenue by \$100,000 for the biennium to replace the construction cost scheduling system. The legislature identified this as a one-time-only, biennial appropriation.

DP 34 - SHRP Superpave Positions - The legislature added 5.00 FTE for each year and increased state special revenue by \$60,553 and federal special revenue by \$242,212 for the biennium to implement the Superpave process for designing highway surface materials. The Superpave process came out of the Strategic Highway Research Program (SHRP) and is a new process for determining highway surface material designs based on consideration of environmental conditions (temperature) and traffic patterns for each construction project.

DP 36 - Computer System for Contract Plans - The legislature increased state special revenue to develop a computer system to allow the Montana Department of Transportation to provide electronic on-line bidding for construction projects and monitor all submitted bids electronically. The legislature identified this as a one-time-only, biennial appropriation.

DP 40 - Preconstruction Management System - The legislature increased state special revenue by \$100,000 and federal special revenue by \$400,000 for the biennium to upgrade the preconstruction management system. The legislature identified this as a one-time-only, biennial appropriation.

DP 43 - Wetland Mitigation Site Monitoring - The legislature increased state special revenue to monitor and maintain wetlands that result from or are impacted by highways constructed with federal-aid funds. The funding will be used to monitor the performance of the vegetative community, inventory wildlife and macro invertebrates, make habitat improvements, repair/reconstruct wetland, perform aerial photography, control weeds, test water, and prepare reports.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	605.43	3.00	36.50	644.93	4.00	109.50	718.93	718.93
Personal Services	24,469,190	489,695	1,279,628	26,238,513	386,561	3,608,728	28,464,479	54,702,992
Operating Expenses	41,667,069	4,214,181	1,738,488	47,619,738	4,796,766	7,390,771	53,854,606	101,474,344
Equipment	176,207	2,807	0	179,014	1,320	0	177,527	356,541
Capital Outlay	33,515	120,000	0	153,515	130,000	0	163,515	317,030
Total Costs	\$66,345,981	\$4,826,683	\$3,018,116	\$74,190,780	\$5,314,647	\$10,999,499	\$82,660,127	\$156,850,907
State/Other Special	66,345,981	4,725,334	(7,334,884)	63,736,431	5,212,378	(706,415)	70,851,944	134,588,375
Federal Special	0	101,349	10,353,000	10,454,349	102,269	11,705,914	11,808,183	22,262,532
Total Funds	\$66,345,981	\$4,826,683	\$3,018,116	\$74,190,780	\$5,314,647	\$10,999,499	\$82,660,127	\$156,850,907

### Program Description

The Maintenance Program is responsible for preserving and maintaining a safe and environmentally-sound state highway transportation system and its related facilities. Major maintenance activities include the patching, repair, and periodic sealing of highway surfaces; snow removal; and sanding. The Maintenance Program is authorized by 2-15-2501(1), MCA; Title 60, MCA; and 23 USC 116.

### Funding

The Maintenance Program was funded entirely with highways state special revenue funds during the base year. A present law adjustment to transfer the road reporter function to the program and a funding switch that provided federal special revenue for qualifying maintenance activities have reduced the state special revenue funding to 85.8 percent for the 2001 biennium.

Present Law Adjustments		Fiscal 2000		Fiscal 2000		Fiscal 2001	
Present Law Description		Fiscal 2000 FTE	Fiscal 2000 General Fund	Fiscal 2000 Total Funds	Fiscal 2001 FTE	Fiscal 2001 General Fund	Fiscal 2001 Total Funds
Statewide Present Law							
Personal Services				(1,334,496)			(1,472,356)
Inflation/Deflation				4,353			3,861
Fixed Costs				(1,181)			(1,181)
Total Statewide Adjustments				(\$1,331,324)			(\$1,469,676)
Present Law Adjustments							
1	Rest Areas and Facilities Maintenance	.00	0	533,194	.00	0	544,041
2	Road Reporting/Traveler Services	1.50	0	302,116	1.50	0	298,385
3	Roadway Maintenance/Pavement Presv	.00	0	70,711	.00	0	27,074
4	Land Purchases	.00	0	120,000	.00	0	130,000
5	Winter Maintenance	.00	0	466,760	.00	0	473,723
6	Equipment Rental	.00	0	1,783,768	.00	0	2,402,398
7	Overtime and Differential Pay	.00	0	1,733,257	.00	0	1,733,921
9	Noxious Weed Control	.00	0	164,123	.00	0	164,123
13	Maintenance Program FTEs	1.50	0	48,502	2.50	0	82,845
44	Temporary Seasonal FTEs	.00	0	935,576	.00	0	927,813
Total PL Adjustments		3.00	\$0	\$6,158,007	4.00	\$0	\$6,784,323
Present Law Adjustments Total				\$4,826,683			\$5,314,647

### Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are standard categories of adjustments globally applied by the legislature to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.



DP 1 - Rest Areas and Facilities Maintenance - The legislature increased state special revenue for operating and maintenance costs at existing and new rest areas. The legislature designated \$324,000 of this increase, which is for converting four sites into year-round facilities, as a one-time-only, biennial appropriation.

DP 2 - Road Reporting/Traveler Services - The legislature added 1.50 FTE for each year and increased state special revenue by \$396,883 and federal special revenue by \$203,618 for the biennium for a transfer of the road reporting function and FTE from the General Operations Program to the Maintenance Program. The funding also annualizes maintenance costs for remote monitoring sites that began operating partway through fiscal 1998 and upgrades other remote monitoring sites that are used for extracting and transmitting information on road and weather conditions to the Helena headquarters building. The legislature identified this as a one-time-only, biennial appropriation and directed the agency to provide a report to the legislature detailing the status and accomplishments of the road reporters and remote weather information sites and to identify any improved productivity resulting from the use of the new technology. The report is to be provided to the General Government and Transportation appropriations subcommittee in the 2001 legislature.

DP 3 - Roadway Maintenance/Pavement Presv - The legislature increased state special revenue for increased contracted pavement preservation, traffic line paint, public awareness, and employee training. This funding would be used for pavement preventive maintenance activities on the state's 19,500 lane miles of roads and to expand the department's public awareness efforts to provide information on maintenance activities.

DP 4 - Land Purchases - The legislature increased state special revenue to begin the process of purchasing land for new locations that will be proposed for the long-range building program for the 2003 biennium. This increase would be used to research potential land sites, find willing sellers, and conduct title searches and surveys.

DP 5 - Winter Maintenance - The legislature increased state special revenue to purchase inventories of road salt, sand, and liquid de-icer.

DP 6 - Equipment Rental - The legislature increased state special revenue to cover the program's share of increases in the department's Equipment Program.

DP 7 - Overtime and Differential Pay - The legislature approved state special revenue for overtime and differential pay.

DP 9 - Noxious Weed Control - The legislature increased state special revenue for reimbursements made to counties for expenditures made for noxious weed control. The legislature restricted the appropriation of the base and the increase only for use in noxious weed control.

DP 13 - Maintenance Program FTEs - The legislature added 1.50 FTE for fiscal 2000 and 2.50 FTE for fiscal 2001 and increased state special revenue to increase the staff for road reporting and maintenance staff in the Wolf Point and Billings areas. The road reporting function would be increased by 0.50 FTE for each year, 1.00 FTE in each year would be used to maintain primary P99 (Malta to the Canadian boarder) in the Wolf Point area, and 1.00 FTE in fiscal 2001 would maintain the Mossmain scale, Laurel bridge and connectors, and the new Shilo interchanges in the Laurel section of the Billings area.

DP 44 - Temporary Seasonal FTEs - The legislature increased state special revenue to provide funding for additional staffing for winter operations. In doing so the legislature provided funding for the fully funded equivalent of 26.00 FTE (less pay plan increases). The legislature provided the funding in the operating expense category without authorizing the addition of permanent staffing positions for winter maintenance.

New Proposals		Fiscal 2000	Fiscal 2000	Fiscal 2000	Fiscal 2001	Fiscal 2001	Fiscal 2001
Description		FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
38	Maintenance Manual	.00	0	37,500	.00	0	37,500
45	Maintenance Funding Shift	.00	0	0	.00	0	0
46	SB 333 - Maintain Paved Secondaries	36.50	0	2,980,616	109.50	0	10,961,999
Total New Proposals		36.50	\$0	\$3,018,116	109.50	\$0	\$10,999,499

### New Proposals

DP 38 - Maintenance Manual - The legislature increased state special revenue to develop a new operations manual for the Maintenance Program. This new operations manual would reflect current policies, procedures, and practices and would expand the current manual. The legislature identified this as a one-time-only, biennial appropriation.

DP 45 - Maintenance Funding Shift - The legislature shifted funding of \$20,706,000 for the biennium from state special revenue to federal special revenue to fund maintenance activities that qualify for reimbursement with federal-aid highway construction funds.

DP 46 - SB 333 - Maintain Paved Secondaries - The legislature increased state special revenue by \$12.6 million and federal special revenue by \$1.4 million for the biennium to implement SB 333. SB 333 directs the department to assume maintenance responsibility for paved secondary roads. In doing so, the legislature added 36.50 FTE in fiscal 2000 and 109.50 FTE in fiscal 2001.

### Language

"Item 3e [SB 333 – Maintenance for Paved Secondaries] is contingent upon passage and approval of Senate Bill No. 333."

**Funding**

The State Motor Pool is funded with an internal service type proprietary fund.

**Proprietary Rates****Program Description**

The State Motor Pool operates and maintains a fleet of vehicles available to all state offices and employees in the Helena area to conduct official state business. The State Motor Pool has two basic components - the daily rental portion and the out-stationed lease portion. The daily rental program operates out of the Helena headquarters facility and provides vehicles for short-term use. The leasing program provides vehicles for extended assignment to agencies. Leasing program vehicles are generally stationed outside the Helena area.

**Revenues and Expenses**

The State Motor Pool is responsible for expenditures associated with the acquisition, repair and maintenance, and routine operating costs of a fleet of 515 vehicles. The operating costs and revenues for the fleet are functionally tied to the travel requirements of the various user agencies. The program has increased from 197 units in fiscal 1994 to 515 in fiscal 1998. During that time, mileage increased from 4.1 million to 6.5 million miles, and the program projects an additional 2.5 million miles by the end of fiscal 2001.

The program uses loans from the Board of Investments to fund vehicle purchases. The interest rates on Board of Investment loans are adjusted annually and vary from one purchase cycle to the next. The outstanding loan balance and the interest and principal payments have the greatest impacts on State Motor Pool rental rates. Rental rates are set to recover sufficient revenue to meet loan principal and interest payments, operating costs, and maintain a 60-day working capital balance. The program has stated that if loan costs cannot be met, assets will be sold.

Revenue is generated through rental rates and sale of assets. The primary source of revenue is from vehicle usage. The motor pool also receives revenue from the sale of replaced vehicles.

**Rate Explanation**

Rental rates are set to recover all fleet operating, maintenance, and ownership costs. As a hedge to allow the program sufficient revenues to make principal and interest payments, the State Motor Pool charges a minimum daily possession rate. The users pay the greater of: 1) the mileage rate times the miles driven or 2) the number of days times the daily rate. The daily rate applies only if the monthly revenue for a vehicle is less than the daily charge for the billing cycle.

The legislature approved the following rates:

Class 02 (Utility Vehicles)	\$0.381 per mile (fiscal 2000) and \$0.348 per mile (fiscal 2001)
Class 06 (Passenger Cars)	\$0.291 per mile (fiscal 2000) and \$0.275 per mile (fiscal 2001)
Class 07 (Pickups)	\$0.34 per mile (fiscal 2000) and \$0.32 per mile (fiscal 2001)
Class 12 (Vans)	\$0.365 per mile (fiscal 2000) and \$0.353 per mile (fiscal 2001)
Daily rate	\$9.20 per day (fiscal 2000) and \$8.70 per pay (fiscal 2001)

The State Motor Pool charges the higher of the per mile rate or the daily rate if a vehicle runs under approximately 33 miles per day (1,000 miles per month).

**Significant Present Law**

Motor Pool Operations - In approving the rates for this proprietary program the legislature concurred with the executive's proposed increases for operating costs. The major operating costs that are increasing are: insurance, motor fuel, communications costs associated with increased communication with an expanded number of lease customers for the purpose of coordinating vehicle changes and servicing, and replacement parts. All increases in operating costs are directly tied to the increased fleet size, which has increased from 318 vehicles in fiscal 1994 to 515 vehicles in fiscal 1998 and would grow to 744 at the end of fiscal 2001.

Equipment Reduction - In approving the rates for this proprietary program the legislature concurred with the executive's proposed equipment reduction to purchase 161 vehicles in 2000 and 89 vehicles in fiscal 2001. This would expand the lease program by 229 vehicles and replace 21 existing fleet vehicles. The reduction is due to a reduced number of vehicles being purchased during the 2001 biennium than during fiscal 1998.

Debt Service - In approving the rates for this proprietary program the legislature concurred with the executive's proposed increases for debt service on the loans that the State Motor Pool has from the Board of Investments to purchase vehicles for the lease vehicle program.

**Funding**

The Equipment Program is funded with an internal service type proprietary fund.

**Language**

"The Equipment Program may charge rates necessary to establish and maintain a 60-day working capital balance to operate the program."

**Proprietary Rates****Program Description**

The Equipment Program is responsible for the acquisition, repair, and maintenance of a fleet of approximately 4,000 individual units used by various programs of the Montana Department of Transportation to perform daily activities. The fleet is comprised of light duty vehicles, single and tandem axle dump trucks, specialized snow removal units, roadway maintenance units, and other specialized equipment. As a support program, statutes governing construction and maintenance authorize the Equipment Program.

**Revenues and Expenses**

Operational costs and revenues for the fleet are functionally tied to the severity of winter weather and travel requirements of the various department users. Annual mileage and hours of usage vary significantly. The program anticipates an increase of 2.0 million miles of travel and 15,000 hours of usage each fiscal year of the 2001 biennium. Additional funding would be used to cover anticipated increased expenditures for cutting edges for snowplows and repair parts that are a result of the increased usage.

The program would increase expenditures for capital asset purchases due to inflation. For the past ten years, the capital asset budget has been approximately \$4 million. Rental rates would be increased to generate the necessary revenue to accommodate the increased capital asset purchases. The equipment rates are designed to be sufficient to ensure the program has revenue to cover normal operating expenses, acquire the additional capital assets, and not exceed the 60-day operating cash balance.

Revenue is generated through rental rates and sale of assets. The primary source of revenue is from vehicle and equipment usage. Actual miles of travel and hours of usage are reported and billings generated on the same biweekly schedule as the payroll. Approximately \$650,000 in rental revenue is generated every two weeks. Rental revenue varies with the season, weather conditions, and workloads. Auction revenue varies between \$250,000 and \$500,000 depending on the amount and types of units sold. The program also receives revenue for accident damages that are reimbursed by private individuals or insurance companies. The amount generally covers the expenditures to repair the damage.

**Rate Explanation**

The program rental rates are based on a "dual rate" structure, meaning the users will reimburse the program for actual miles/hours (usage rate) and a rate for possession (assigned time rate).

The usage rate (direct costs) is a per mile or hourly rate that is applied to a vehicle or piece of equipment for the actual miles/hours in service. Direct costs include labor, parts and accessories, fuel, lubricants, and tires and tubes. The actual operational costs for each sub-class for the past rental period are adjusted to produce an estimated cost for future periods. These adjustments will consider any projected cost increases in fuel, parts, tires, etc.

The legislature approved a rate based on maintaining a maximum of 60 days working capital.

**Significant Present Law**

Equipment Program Positions - In approving the rates for this proprietary program the legislature concurred with the addition of 1.50 FTE for each year for a 1.00 FTE mechanic position in the Missoula shop and increases in two service combination positions.

Increase for Vehicles & Equipment - In approving the rates for this proprietary program the legislature concurred with the executive's proposal to replace existing light duty core equipment, heavy duty core equipment, and other specialized equipment that have reached the end of their economic life.

Equipment Operations - In approving the rates for this proprietary program the legislature concurred with the executive's proposed increased for supplies and for repair and maintenance costs due to price increases, projected usage increases, increased winter maintenance activity, and an increased federal-aid Construction Program.

**New Proposals**

Diagnostic Computers for Maintenance Shop - In approving the rates for this proprietary program the legislature concurred with the executive's proposal to purchase diagnostic computers to connect to the manufacturer's data port on the new diesel engines.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	112.63	.00	.00	112.63	.00	.00	112.63	112.63
Personal Services	3,700,964	255,172	0	3,956,136	236,065	0	3,937,029	7,893,165
Operating Expenses	780,952	50,251	30,000	861,203	52,594	17,000	850,546	1,711,749
Equipment	760	0	0	760	0	0	760	1,520
Total Costs	\$4,482,676	\$305,423	\$30,000	\$4,818,099	\$288,659	\$17,000	\$4,788,335	\$9,606,434
State/Other Special	4,482,676	305,423	30,000	4,818,099	288,659	17,000	4,788,335	9,606,434
Federal Special	0	0	0	0	0	0	0	0
Total Funds	\$4,482,676	\$305,423	\$30,000	\$4,818,099	\$288,659	\$17,000	\$4,788,335	\$9,606,434

### Program Description

The Motor Carrier Services Division enforces state and federal commercial motor carrier laws including laws on vehicle size and weight, insurance, licensing, fuel, and vehicle and driver safety. The Licensing and Permit Bureau registers interstate fleet vehicles, issues commercial vehicle licenses, issues oversize/overweight permits, and collects and distributes fees and taxes. The Enforcement Bureau operates a statewide weigh station and mobile enforcement program and assigns uniformed officers to inspect commercial vehicles for compliance with state and federal safety, registration, fuel, insurance and size/weight laws. The Motor Carrier Services Program is mandated by Title 61, Chapter 9, MCA.

### Funding

The Motor Carrier Services program is funded by the highways state special revenue fund, which receives revenue from highway user fees such as motor fuel taxes and gross vehicle weight fees.

Present Law Adjustments						
Present Law Description		Fiscal 2000 FTE	Fiscal 2000 General Fund	Fiscal 2000 Total Funds	Fiscal 2001 FTE	Fiscal 2001 General Fund
Statewide Present Law						
Personal Services				210,356		191,249
Inflation/Deflation				2,389		2,177
Fixed Costs				(3,600)		(3,600)
Total Statewide Adjustments				\$209,145		\$189,826
Present Law Adjustments						
1	High Speed WIM Repair & Maintenance	.00	0	5,000	.00	0
2	Equipment Rental	.00	0	21,691	.00	0
4	Intelligent Transportation System	.00	0	25,030	.00	0
5	Overtime and Differential Pay	.00	0	44,816	.00	0
38	Fixed Cost Reductions	.00	0	(259)	.00	0
Total PL Adjustments		.00	\$0	\$96,278	.00	\$0
Present Law Adjustments Total				\$305,423		\$288,659

### Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are standard categories of adjustments globally applied by the legislature to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - High Speed WIM Repair & Maintenance - The legislature increased state special revenue to maintain high speed permanent weigh-in-motion scales that were installed at the Culbertson and Lima weigh stations during fiscal 1998.

DP 2 - Equipment Rental - The legislature increased state special revenue to cover the program's share of increases in the department's Equipment Program.

DP 4 - Intelligent Transportation System - The legislature increased state special revenue to restore the base expenditures that were removed from the base due to accounting complications associated with the department's federal-aid billing system. The Motor Carrier Services Division participated in a national project on intelligent transportation systems sponsored by the Federal Highway Administration during the base year. A current level FTE was donated to this project for approximately eight months. All expenditures to federal-aid projects are converted to an operating expense object in order to be reimbursed by the federal government. Since the federal aid came from authority established by a budget amendment, the expenditures were removed from the base. This included base expenditures that were not associated with the budget amendment.

DP 5 - Overtime and Differential Pay - The legislature approved state special revenue for overtime and differential pay for the Motor Carrier Services program.

DP 38 - Fixed Cost Reductions - The legislature reduced state special revenue to adjust fixed costs for rate reductions that had statewide impacts.

New Proposals						
Description	Fiscal 2000 FTE	Fiscal 2000 General Fund	Fiscal 2000 Total Funds	Fiscal 2001 FTE	Fiscal 2001 General Fund	Fiscal 2001 Total Funds
37 Internet Permit Program	.00	0	30,000	.00	0	17,000
Total New Proposals	.00	\$0	\$30,000	.00	\$0	\$17,000

#### **New Proposals**

DP 37 - Internet Permit Program - The legislature increased state special revenue to provide customer training to license and permit applicants on the use the Montana On-line Tax and Reporting System and to cover increased credit card fees that result from increased usage of the system. The Montana On-line Tax and Reporting System is a computer based licensing and permit program developed jointly by the Montana Department of Transportation and Lockheed-Martin, Inc. The system provides the motor carrier industry twenty-four hours a day, seven days a week access via the Internet to various types of permits required for legal vehicle operation. The legislature identified this as a one-time-only appropriation and directed the agency to provide a report to the legislature detailing the use of the Internet for permits, the satisfaction of users with training, and the growth of credit card fees. The report is to be provided to the General Government and Transportation appropriations subcommittee in the 2001 legislature.



Program Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	8.75	(1.00)	2.25	10.00	(1.00)	2.25	10.00	10.00
Personal Services	335,157	(27,079)	67,911	375,989	(28,606)	67,391	373,942	749,931
Operating Expenses	307,917	(52,372)	131,889	387,434	(52,731)	127,009	382,195	769,629
Equipment	0	0	20,600	20,600	0	26,000	26,000	46,600
Local Assistance	0	0	0	0	0	0	0	0
Grants	171,943	278,057	75,000	525,000	(171,943)	75,000	75,000	600,000
Transfers	16,199	18,801	0	35,000	18,801	0	35,000	70,000
Total Costs	\$831,216	\$217,407	\$295,400	\$1,344,023	(\$234,479)	\$295,400	\$892,137	\$2,236,160
State/Other Special	761,601	217,407	295,400	1,274,408	(234,479)	295,400	822,522	2,096,930
Federal Special	69,615	0	0	69,615	0	0	69,615	139,230
Total Funds	\$831,216	\$217,407	\$295,400	\$1,344,023	(\$234,479)	\$295,400	\$892,137	\$2,236,160

### Program Description

The Montana Aeronautics Division: 1) facilitates the maintenance of airports and the various components of airport infrastructure, including visual and electronic navigational facilities and flying aids; 2) fosters, promotes, and supervises aviation and aviation safety through educational efforts and programs; 3) registers aircraft and pilots in accordance with Montana laws and regulations; and 4) coordinates and supervises aerial search and rescue operations. In accordance with the maintenance and safety aspects of the division's purpose, it administers a loan and grant program to municipal governments to fund airport improvement projects. The Aeronautics Board approves all loan and grant requests and advises on matters pertaining to aeronautics.

The division serves in a liaison capacity between the State of Montana and various entities including the U.S. Department of Transportation, the Federal Aviation Administration (FAA), other federal and state entities, and commercial airlines to assure the retention and continuation of airline service to the rural communities of the state. The division also is responsible for operation of the air carrier airport at West Yellowstone and for 12 other state-owned airports. Montana Aeronautics Division is authorized by 2-15-2501(2), MCA; Title 67, MCA; and various federal laws.

### Funding

The Aeronautics Program, excluding the operations of the West Yellowstone Airport, is funded by both state special revenue funds and federal funds. State special revenue funds are derived primarily from state aviation fuels taxes and aviation license fees. Federal funds are from federal aviation administration grants. Operation of the West Yellowstone Airport is funded from an enterprise type proprietary fund with revenues that include local property taxes, rentals and leases, concession sales receipts, and landing fees. Because these funds do not require an appropriation, they are not included in the table above.

For the 2001 biennium, state special revenue provides 93.8 percent of the program's funding and federal special revenue provides the remaining 6.2 percent.

Present Law Adjustments		Fiscal 2000	Fiscal 2000	Fiscal 2000	Fiscal 2001	Fiscal 2001	Fiscal 2001
Present Law Description		FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
Statewide Present Law							
Personal Services				12,047			10,394
Inflation/Deflation				336			336
Fixed Costs				(3,258)			(3,485)
Total Statewide Adjustments				\$9,125			\$7,245
Present Law Adjustments							
1	Reduction of Services	(1.00)	0	(88,576)	(1.00)	0	(88,582)
2	Airport Development Grants	.00	0	278,057	.00	0	(171,943)
5	Airport Tax Transfer	.00	0	18,801	.00	0	18,801
Total PL Adjustments		(1.00)	\$0	\$208,282	(1.00)	\$0	(\$241,724)
Present Law Adjustments Total				\$217,407			(\$234,479)

### Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are standard categories of adjustments globally applied by the legislature to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - Reduction of Services - The legislature reduced 1.00 FTE for each year and reduced state special revenue to counter the impacts on the Aeronautics Program fund balance from the reduced revenues that have occurred since the air-refueling wing at Malmstrom Airforce Base was relocated to McDill Airforce Base in Florida.

DP 2 - Airport Development Grants - The legislature adjusted state special revenue and approved a biennial appropriation to provide airport development and improvement grants to municipalities.

DP 5 - Airport Tax Transfer - The legislature increased state special revenue to cover the anticipated increases in property tax revenues that must be transferred from the state special revenue account to the proprietary account for the West Yellowstone Airport. County treasurers are required by 67-1-303, MCA, to transmit 90 percent of the property tax collected on property of airline companies to the state treasurer for deposit in a state special revenue fund. The only airport owned by the state that this tax revenue applies to is the West Yellowstone Airport. The West Yellowstone Airport is accounted for in a proprietary fund.

New Proposals		Fiscal 2000	Fiscal 2000	Fiscal 2000	Fiscal 2001	Fiscal 2001	Fiscal 2001
Description		FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
6	SB 205 - Aviation Gas Tax Increase	2.25	0	295,400	2.25	0	295,400
Total New Proposals		2.25	\$0	\$295,400	2.25	\$0	\$295,400

### New Proposals

DP 6 - SB 205 - Aviation Gas Tax Increase - The legislature increased state special revenue to: 1) restore the reductions recommended by the executive and approved by the 1997 legislature; 2) offset the reductions contained in present law adjustment DP1 in the 2001 biennium request; and 3) provide adjustments for the restored programs that are needed to meet current costs. In doing so, the legislature added funding for 2.25 FTE for each year.

### Language

"Item 5b [SB 205 – Aviation Gasoline License Tax Increase] is contingent upon passage and approval of Senate Bill No. 205."

Program Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	62.10	.00	17.00	79.10	.00	17.00	79.10	79.10
Personal Services	2,224,838	111,101	527,137	2,863,076	102,736	523,555	2,851,129	5,714,205
Operating Expenses	726,060	159,535	764,401	1,649,996	102,138	794,436	1,622,634	3,272,630
Equipment	207,904	(82,194)	0	125,710	(88,194)	0	119,710	245,420
Local Assistance	250,000	0	0	250,000	0	0	250,000	500,000
Grants	3,417,891	250,000	2,211,375	5,879,266	250,000	2,265,810	5,933,701	11,812,967
Total Costs	\$6,826,693	\$438,442	\$3,502,913	\$10,768,048	\$366,680	\$3,583,801	\$10,777,174	\$21,545,222
General Fund	250,000	0	0	250,000	0	0	250,000	500,000
State/Other Special	1,060,474	197,774	592,207	1,850,455	182,267	500,737	1,743,478	3,593,933
Federal Special	5,516,219	240,668	2,910,706	8,667,593	184,413	3,083,064	8,783,696	17,451,289
Total Funds	\$6,826,693	\$438,442	\$3,502,913	\$10,768,048	\$366,680	\$3,583,801	\$10,777,174	\$21,545,222

### Program Description

The Transportation Planning Division provides: 1) an inventory of transportation infrastructure to allocate funds, maintain Department of Transportation eligibility for grant and federal funds, and aid the process of project prioritization and selection; 2) a statewide planning program and assistance to local area transportation planning; 3) traffic improvement and educational programs to promote public safety, health, and welfare; and 4) response to legislative or regulatory actions necessitating representation before courts, congressional hearings, the US DOT, the Surface Transportation Board, and others. This planning results in a program of projects which includes buses for transit systems, street and road improvements, railroad track rehabilitation, transportation enhancements for non-motorized and beautification improvements, and education programs for public safety and information. The Transportation Planning Division is authorized by 7-14-102, 15-70-101, Title 60, Chapters 3 & 11, and Title 61, Chapter 2, part 1, MCA.

### Funding

The Transportation Planning Division is funded with a combination of state special revenue funds, general fund, and federal funds. Transit grants are generally funded 100 percent with Federal Transit Administration funds. However, if a match is required it is provided by the local entity receiving services or on a rare occasion with highways state special revenue funds. Traffic safety functions are generally funded 100 percent with National Highway Traffic Safety Administration grant funds. The exception for traffic safety functions is that a small portion (1 percent) of the administrative costs are matched at 50 percent with highways state special revenue funds. The division also receives \$250,000 in general fund, which by statute, 61-2-107, MCA, is used for county drinking and driving prevention programs. The remainder of the division's activities are funded with federal planning and research funds and state special revenue funds at a ratio that has averaged approximately 74 percent federal and 26 percent state special revenue.

For the 2001 biennium, state special revenue provides 16.7 percent of the program's total funding with federal special revenue contributing 81.0 percent, and general fund making up the remaining 2.3 percent.

Present Law Adjustments		Fiscal 2000	Fiscal 2000	Fiscal 2000	Fiscal 2001	Fiscal 2001	Fiscal 2001
Present Law Description		FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
Statewide Present Law							
Personal Services				108,072			99,707
Inflation/Deflation				8,514			7,154
Fixed Costs				(1,064)			(3,053)
Total Statewide Adjustments				\$115,522			\$103,808
Present Law Adjustments							
2	Equipment Rental	.00	0	8,085	.00	0	9,037
3	Computer Equipment	.00	0	30,000	.00	0	0
9	Urban Transportation Plan Updates	.00	0	120,000	.00	0	80,000
10	Equipment	.00	0	(88,194)	.00	0	(88,194)
11	Traffic Safety Program	.00	0	250,000	.00	0	250,000
12	Census Transportation Planning Pkg	.00	0	0	.00	0	9,000
20	Overtime and Differential	.00	0	3,029	.00	0	3,029
Total PL Adjustments		.00	\$0	\$322,920	.00	\$0	\$262,872
Present Law Adjustments Total				\$438,442			\$366,680

### Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are standard categories of adjustments globally applied by the legislature to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 2 - Equipment Rental - The legislature increased state special revenue by \$3,251 and federal special revenue by \$13,871 for the biennium to cover the program's share of increases in the department's Equipment Program.

DP 3 - Computer Equipment - The legislature increased state special revenue by \$6,000 and federal special revenue by \$24,000 for the biennium for 8 lap-tops computers, 3 printers, 1 color plotter, 3 monitors (21-inch), and 20 portable traffic classifiers. The legislature designated this as a one-time-only appropriation.

DP 9 - Urban Transportation Plan Updates - The legislature increased state special revenue by \$40,000 and federal special revenue by \$160,000 for the biennium to update transportation plans for the small urban areas of Helena and Kalispell. This adjustment would also be used to provide other smaller scale transportation studies in some of the outlying urban communities, such as Hamilton, Belgrade, and Whitefish. The legislature designated this as a one-time-only appropriation.

DP 10 - Equipment - The legislature reduced state special revenue by \$35,278 and federal special revenue by \$141,110 for the biennium for equipment purchased in the base year that does not need to be purchased again in the 2001 biennium.

DP 11 - Traffic Safety Program - The legislature increased federal special revenue to purchase traffic safety equipment and provide enforcement and traffic safety campaigns for local governments and state agencies. Equipment purchased includes radar equipment, video tape recorders and cameras, and portable breath testing devices. This increase would also be used to provide overtime patrols for selective traffic enforcement programs and would provide comprehensive community safety programs and specialized or generalized traffic safety campaigns.

DP 12 - Census Transportation Planning Pkg - The legislature increased state special revenue by \$1,800 and federal special revenue by \$7,200 for the biennium to purchase the Census Transportation Planning Package. The Census Transportation Planning Package is a specialized product of each decennial census that provides detailed travel information used by state, county, city, and tribal transportation planning offices. The information is used to identify travel characteristics, infrastructure needs, and traffic modeling accuracy and modal usage and is developed and

distributed through a cooperative effort between the U.S. Bureau of Census and the American Association of State Highway and Transportation Officials. The Montana Department of Transportation would distribute the 2000 Census Transportation Planning Package to all potential Montana users. The legislature designated this as a one-time-only appropriation.

DP 20 - Overtime and Differential - The legislature approved \$970 state special revenue and \$5,088 federal special revenue for the biennium for overtime and differential pay.

New Proposals		Fiscal 2000	Fiscal 2000	Fiscal 2000	Fiscal 2001	Fiscal 2001	Fiscal 2001
Description		FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1	Tranplan 21 FTEs	8.00	0	240,791	8.00	0	239,098
6	FTA Local Match Pass-Through	.00	0	140,174	.00	0	118,404
13	STARS Program	2.00	0	125,135	2.00	0	124,254
16	TEA-21	7.00	0	2,741,813	7.00	0	2,797,045
19	Statewide Transportation Plan Update	.00	0	0	.00	0	230,000
32	Montana State Rail Plan Update	.00	0	80,000	.00	0	0
35	Accounting Change	.00	0	75,000	.00	0	75,000
37	Rail Transportation Tech. Assist.	.00	0	100,000	.00	0	0
Total New Proposals		17.00	\$0	\$3,502,913	17.00	\$0	\$3,583,801

### New Proposals

DP 1 - Tranplan 21 FTEs - The legislature adding 8.00 FTE for each year and increased state special revenue by \$95,978 and federal special revenue by \$383,911 for the biennium for positions associated with Tranplan 21. These positions implement and sustain ongoing activities identified in the federally mandated statewide transportation plan (Tranplan 21). Specific areas of implementation include management system coordination; transportation support for economic development; mitigation of highway systems impacts; technical assistance to local governments, including assistance for bike and pedestrian facilities; promotion and negotiation of infrastructure cost-sharing agreements, border crossing enhancements and branchline preservation.

DP 6 - FTA Local Match Pass-Through - The legislature increased state special revenue to provide pass through authority for the Transit Section to expend local government provided matching funds for Federal Transit Administration, Department of Public Health and Human Services, and Surface Transportation Program grants for the recipient local governments.

DP 13 - STARS Program - The legislature added 2.00 FTE for each year and increased state special revenue by \$49,878 and federal special revenue by \$199,511 for the biennium for maintenance and support of the State Truck Activities Reporting System (STARS). The State Truck Activities Reporting System is a performance-based commercial vehicle enforcement system that would eventually include 90 automated truck weight and classification sites across the state. The legislature reduced the executive request by 2.00 FTE each year and provided funding for the fully funded equivalent of 2.00 FTE (less pay plan increases) in operating expenditures with the intent that the agency could obtain modified FTE during the biennium as the program is phased in and the workload increases accordingly. The legislature designated this as a one-time-only, biennial appropriation.

DP 16 - TEA-21 - The legislature added 7.00 FTE each year and increased state special revenue by \$377,910 and federal special revenue by \$5,160,948 for the biennium to address the increased workload for urban planning that resulted from the passage of the Transportation Equity Act for the 21st Century. This includes increases for grants to: 1) provide operating and capital assistance for communities (other than urbanized areas) that operate rural general public transportation systems; 2) develop and support intercity bus transportation; 3) purchase buses and vans to provide transportation for elderly individuals and individuals with disabilities; 4) provide technical assistance and training for Montana transit operators; and 5) support various highway safety programs.

DP 19 - Statewide Transportation Plan Update - The legislature increased state special revenue by \$46,000 and federal

special revenue by \$184,000 for the biennium to develop and maintain statewide multimodal transportation plans (Tranplan 21).

DP 32 - Montana State Rail Plan Update - The legislature increased state special revenue by \$14,600 and federal special revenue by \$65,400 for the biennium to update the Montana State Rail Plan. The legislature designated this as a one-time-only appropriation.

DP 35 - Accounting Change - The legislature increased state special revenue to provide authority for the department to acquire vehicles for corporations that are under contract with Department of Public Health and Human Services to transport the transportation disadvantaged. The legislature restricted this appropriation for this use and made expenditures contingent upon the department receiving the revenue.

DP 37 - Rail Transportation Tech. Assist. - The legislature increased state special revenue to fund a cooperative initiative with the Department of Agriculture. This initiative will provide contracted services to address issues affecting Montana's transportation system including transportation of Montana's agricultural products. In doing so, the legislature funded this effort with \$50,000 from state special revenue in the Department of Agriculture and \$100,000 state special revenue in the Department of Transportation. The legislature designated the associated appropriations as restricted, biennial, and one-time only.

**Language**

"Up to \$75,000 of the amount of the appropriations in item 6f [Acquiring Vehicles and Equipment for Disadvantaged] is contingent upon receiving a transfer of the equivalent amount of funds from the Department of Public Health and Human Services and is restricted to acquiring vehicles and other equipment used to provide services to the transportation disadvantaged."